

Help for Low-Income Families

by **Lynn Mitchell**
Corporate Voices for Working Families

Life Insurance for Education

To many working families, life insurance is a luxury. Fortunately, for those who would ordinarily qualify but just can't afford the premium, a corporate member of Washington-based policy group Corporate Voices for Working Families is offering free life insurance as part of its philanthropic outreach—just one of many creative initiatives spearheaded by Corporate Voices members.

At present, 52 companies participate in Corporate Voices for Working Families, a nonprofit, nonpartisan membership organization that brings a private-sector voice into the national policy debate on issues affecting working families. Members collaborate to develop workplace policies conducive to the needs of 21st century families.

Additionally, members often set an example by offering programs to help their own employees. A company

might, for example, educate workers about direct deposit of paychecks and its potential boost to saving, or they might offer free assistance with filing for the earned income tax credit and advise workers on saving their refunds.

An Unusual Idea

One Corporate Voices member, insurance company MassMutual, has long been interested in supporting education as part of its community outreach. For example, scholarships that it initially gave out in its home-base cities are now offered nationwide. (The company has home offices in Springfield, Massachusetts, and Enfield, Connecticut, having recently moved from Hartford.)

In 2002, the insurance company took an even bigger step. It decided to tie its educational philanthropy to its area of expertise by offering qualified individuals earning less than \$40,000

per year free life insurance to support their children's education. (See the exhibit "MassMutual's LifeBridge Insurance.") The resulting program is called LifeBridge, and it's a good example of the leadership demonstrated by members of Corporate Voices.

Why is it free? First and foremost, LifeBridge is an extension of MassMutual's education-focused community service. It is philanthropy. But the idea for it arose from a discussion about how the company might begin to serve people in the mostly untapped lower-income market. And in fact, the visibility that LifeBridge has provided has benefited the company in a variety of ways.

For example, the program has helped MassMutual agents build relationships with clients. Agents are permitted to market LifeBridge to individuals and may contact the companies where individuals work and see if they

want to offer the insurance to eligible employees. In either case, agents are not allowed to solicit additional business from LifeBridge applicants.

As Cindie St. George, the director of LifeBridge Operations, says, “LifeBridge has promoted goodwill and increased recognition for MassMutual and our agents in a number of communities across the country. The word of mouth has been positive.” In a couple cases, individuals have even asked to buy additional insurance coverage. So although the primary purpose is charitable, it is charity that has residual benefits for the giver.

Supporting Education

LifeBridge was launched in September 2002 in four states with the support of a handful of nonprofit groups. Agents wrote 1,000 policies in the first full year and 2,000 in the second full year. Today LifeBridge is avail-

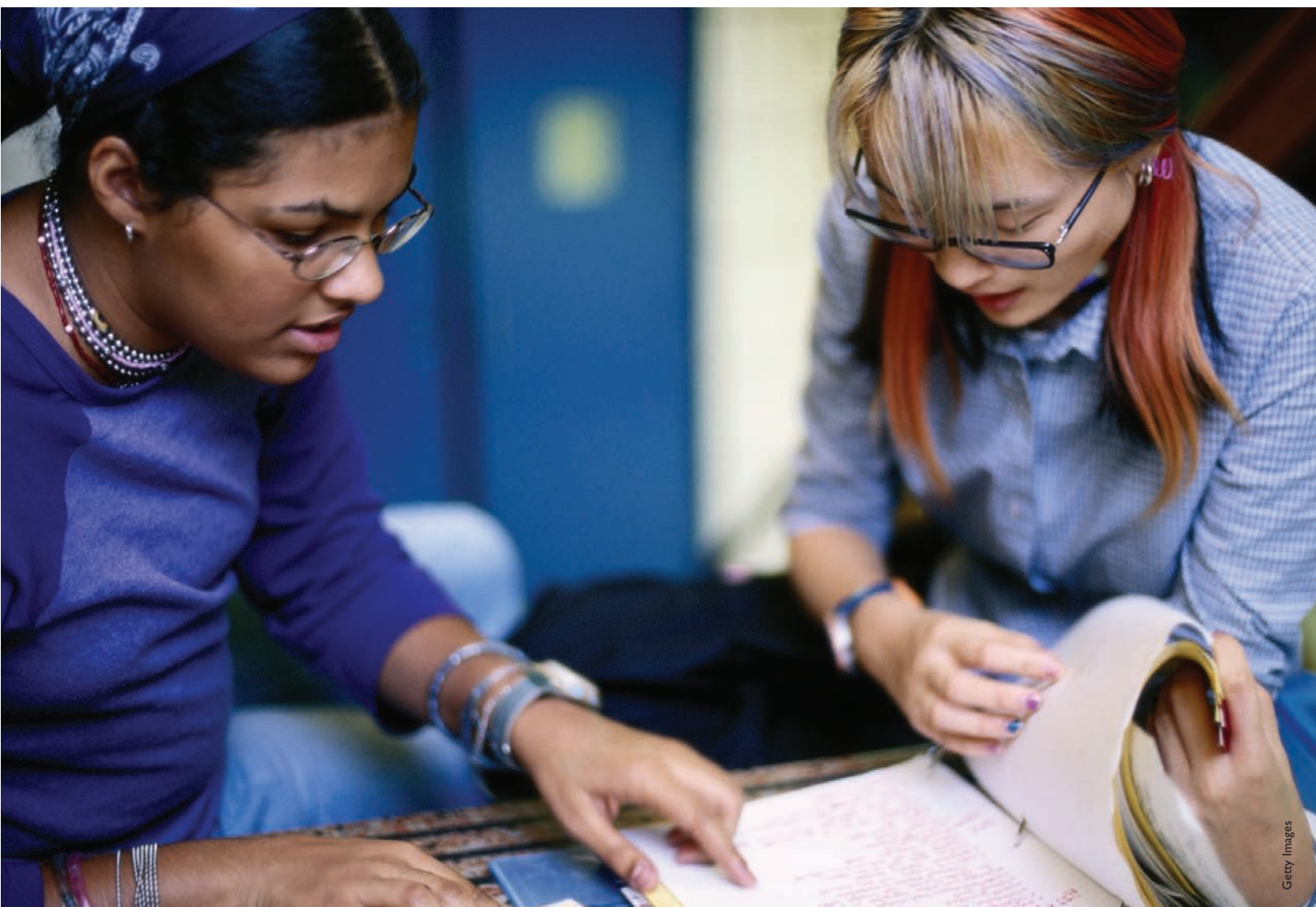
“To date, about \$2 million in free coverage has been offered to Boston families by my agency,” St. Jean says. “I’m hoping to increase that amount over the next year.”

able in all 50 states and Washington, D.C., dozens of nonprofits have gotten on board, and 5,400 families have been issued policies that amount to more than \$270 million in total coverage. The goal is 20,000 policies (or \$1 billion in free life insurance coverage) by December 31, 2007, at which time MassMutual will consider what to do with any unused policies and whether to make more policies available.

In April 2006, the “I Have a Dream” Foundation recognized the educational benefits of the program with a Corporate Award. Like MassMutual, the organization believes that the solution to many

issues facing low-income communities is education. However, when parents die, the obstacles to their children’s schooling are often insurmountable. Free education-oriented life insurance is one answer, and if applicants can pass the screening normally required for life insurance policies, they can help protect their children’s future.

If a LifeBridge-insured parent dies (and, sadly, two already have), \$50,000 is put directly into a trust fund that is administered by the MassMutual Trust Company, FSB. The trust fund pays for the education-related costs of the surviving child or children. The money





Getty Images

In establishing LifeBridge, MassMutual is leading the way for other corporations to create workforce-friendly initiatives.

may be used for preschools, private schools, trade schools, community colleges, universities, art or music schools, and more. It covers expenses such as books, tuition, fees, and room and board. The child or children have 10 years from the death of the parent or until they reach age 35, whichever is later, to use the money.

"If the money is not used by the children after a parent's death, it is donated to one of five scholarship programs preselected by the parents," writes Washington Post columnist Michelle Singletary.¹ The five programs that the company offers are the United Negro College Fund, the Hispanic Scholarship Fund, the Urban League's National Achievers Society Scholarship Fund, the Achievement Foundation

Scholarship Fund, and the Community Foundation of Western Massachusetts.

Cindie St. George says that the program, which has a very small advertising budget and involves pro bono underwriting by MassMutual agents, gets its biggest boost from nonprofit partner organizations. Habitat for Humanity has offered it to its future homeowners, for example. Clients' natural tendency to be suspicious of anything said to be free is alleviated by the support of a familiar nonprofit group. In New England, for example, general agent Richard St. Jean is partnering with The Boston Foundation to help reach out to eligible applicants and increase the amount of free coverage in the Greater Boston area. "To date, about \$2 million in free coverage has been offered to Boston families by my

agency," he says. "I'm hoping to increase that amount over the next year with the help of my community partners."

In establishing LifeBridge, the company is not only demonstrating that members of Corporate Voices care about working families, it is leading the way for other corporations to create workforce-friendly initiatives. If other companies choose to offer LifeBridge to their employees, so much the better. Businesses that promote the idea of an educated workforce may want to help ensure that their employees' children can go to school no matter what their economic status and no matter what misfortune strikes.

Lynn Mitchell is policy director of Corporate Voices for Working Families in Washington, D.C.

Endnote

¹Michelle Singletary, *Washington Post*, June 16, 2005.

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MassMutual's LifeBridge Insurance

MassMutual's free life insurance program extends its educational philanthropy through the work it knows best, insurance. The company aims to provide 20,000 policies to low-income clients by the end of 2007. With services donated from MassMutual agents, the offer is being spread primarily through word of mouth and through nonprofits working with low- and moderate-income families.

The program provides a \$50,000 10-year term policy to eligible parents and guardians. MassMutual pays the premiums. There is no cost to the insured or their children. Death benefits go to a trust to be used solely for the education of insureds' eligible children.

Eligible applicants must be:

- aged 19 to 42
- permanent legal residents of the United States
- parents or legal guardians of one or more dependent children under age 18
- currently employed full- or part-time, with a total family income of \$10,000 to \$40,000 according to their most recent income-tax return
- the only household member who has applied for the program
- in good health as determined by MassMutual's underwriting guidelines

Ineligible applicants:

- have been diagnosed with heart disease, cancer, HIV, or Type 1 diabetes
- currently abuse drugs or have done so within the last 10 years
- are currently on probation

These are Textiles?

Innovations in modern fabric design, manufacture, and use

There's a great new show in the Federal Reserve Bank of Boston's first floor gallery. It's the fourth in our series of changing exhibits since the opening of the New England Economic Adventure in October 2003. In this one we take a solidly New England theme, textiles, to look at some of the familiar, topical, and unusual ways in which modern fabrics are being used and will be used.

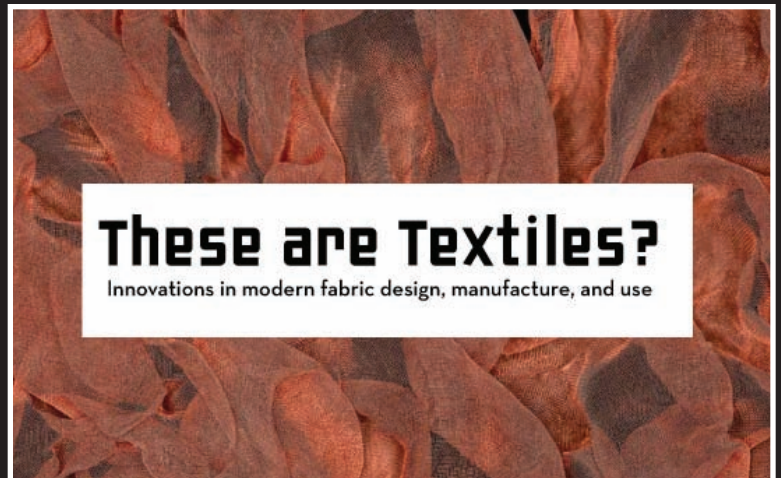


Exhibit runs through December • Open to the public • Picture ID required to enter the building
Contact Melita Podesta at (617) 973-3197 for more information